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| THIS AMENDMENT: | |
| _____ Passed _____ | Passed as amended by _____ |
| _____ Failed _____ | Not Offered _____ |



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ARIZONA

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HEARING DIVISION PROPOSED AMENDMENT #1

AZ CORP COMMISSION
DOCKET CONTROL

ORIGINAL

DATE PREPARED: December 7, 2009

COMPANY: Arizona Public Service Co.

AGENDA ITEM NO.: 2

DOCKET NO.: E-01345A-08-0172

OPEN MEETING DATE: December 7, 8, & 9, 2009

Page 8, Line 23

DELETE: "11.06"

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Arizona Corporation Commission
DOCKETED

DEC -7 2009

Page 23, Line 24

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AECC

AECC is a business coalition that advocates on behalf of retail electric customers in Arizona. AECC supports adoption of each provision in the Agreement as part of a total package.

AECC's witness, Kevin C. Higgins, testified that the Settlement Agreement produces just and reasonable rates and is in the public interest. Mr. Higgins further testified that the Settlement Agreement strikes the appropriate balance between customer interests and utility interests, stating that its "adoption would provide APS an opportunity to improve its financial condition while being fair to customers by not increasing rates any more than is absolutely necessary."¹

Among the benefits of the Settlement Agreement cited by AECC are:

- The base rate stability attained by the "stay-out" prohibiting APS from filing its next two general rate cases prior to June 1, 2011 and June 1, 2013, respectively, such that that no new base rates will be effective prior to July 1, 2012;
- The resolution of the important issues of revenue spread and rate design in a just and equitable manner, including the assurance that higher-load-factor and lower-load-factor customers on Rates E-34, E-35, and E-32-L will receive the same percentage base rate increase;

¹ Ex. AECC-1 at 3 (Settlement testimony of Kevin C. Higgins)

- The commitment for APS to make a minimum of \$700 million of equity infusions through 2014 and the obligation of the Company to undertake best efforts to attain an equity-to-total-capital ratio of 52 percent by the end of 2012, which supports the objective of improving APS' financial condition;
- The potential for Systems Benefits Charges to customers to be reduced in 2012 if a Palo Verde license extension is approved prior to the conclusion of the next rate case, which AECC states would produce an annual revenue requirement benefit for customers;
- The requirement of APS to work with Staff and other interested parties to develop an Interruptible Rate Rider for Rate E-34 and E-35 customers, which AECC believes can provide a cost-effective means for utilities to obtain reliable capacity; and
- The advancement of self-direction of DSM investments by larger customers, which AECC views to be an essential component of APS' DSM efforts going forward.